



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION – 2025**  
**FOR RECRUITMENT TO POSTS IN BS-17**  
**UNDER THE FEDERAL GOVERNMENT**

Roll Number

**Economics Past Paper-II**

<b>TIME ALLOWED: THREE HOURS</b>	<b>PART-I (MCQS)</b>	<b>MAXIMUM MARKS = 20</b>
<b>PART-I(MCQS): MAXIMUM 30 MINUTES</b>	<b>PART-II</b>	<b>MAXIMUM MARKS = 80</b>
<b>NOTE:</b> (i) First attempted <b>Part-I (MCQS)</b> on the separate <b>OMR Answer Book</b> which shall be taken back after 30 minutes. (ii) <b>Overwriting/cutting</b> of the <b>options/answers</b> will not be given credit. (iii) There is no <b>negative marking</b> . All <b>MCQs</b> must be attempted.		

**PART-I (MCQs)(COMPULSORY)**

- Q.1.** (i) Select the best option/answer and fill in the appropriate Box on the **OMR Answer Sheet.(20x1-20)**  
(ii) Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

**1.** Which economist is associated with the concept of "Development as Freedom"?

- (A) Paul Samuelson
- (B) Amartya Sen
- (C) Milton Friedman
- (D) None of these

**2.** Which of the following was a key objective of Pakistan's land reforms?

- (A) Increasing urbanization
- (B) Encouraging large-scale industrialization
- (C) Improving agricultural marketing
- (D) None of these

**3.** A key criticism of Pakistan's privatization policy is:

- (A) Reduced tax revenues
- (B) Lack of transparency and accountability
- (C) Over-regulation of privatized sectors
- (D) None of these

**4.** The Agreement on Agriculture under the WTO primarily affects:

- (A) Industrial subsidies
- (B) Export regulations

- (C) Domestic support and market access for agriculture
  - (D) None of these
- 

**5.** Which of the following factors is most responsible for Pakistan's persistent balance of payments crisis?

- (A) High reliance on remittances
  - (B) Low export diversification and competitiveness
  - (C) Inadequate foreign direct investment inflows
  - (D) None of these
- 

**6.** The tax-to-GDP ratio in Pakistan has historically remained low due to:

- (A) High reliance on indirect taxes
  - (B) Over-dependence on agriculture
  - (C) Lack of tax base documentation and enforcement
  - (D) All of these
- 

**7.** Which of the following is a major constraint on Pakistan's industrial growth?

- (A) Lack of skilled labor
  - (B) Energy shortages
  - (C) Weak infrastructure
  - (D) All of these
- 

**8.** In terms of poverty alleviation, the main challenge for Pakistan has been:

- (A) Ensuring equitable access to resources
  - (B) Improving microcredit availability
  - (C) Reducing rural-urban disparities
  - (D) None of these
- 

**9.** The informal economy in Pakistan is estimated to contribute approximately what percentage to GDP?

- (A) 10-20%
  - (B) 30-40%
  - (C) 45-55%
  - (D) None of these
- 

**10.** Which of the following is the most significant factor affecting Pakistan's food security?

- (A) Land ownership inequalities
  - (B) Poor agricultural productivity
  - (C) Climate change and water scarcity
  - (D) None of these
-

**11.** The Chinn-Ito index, often used in research on Pakistan's economy, measures:

- (A) Industrial productivity
  - (B) Capital account openness
  - (C) Exchange rate stability
  - (D) None of these
- 

**12.** Pakistan's economy is categorized as a:

- (A) Low-income developing economy
  - (B) Upper-middle-income economy
  - (C) Lower-middle-income developing economy
  - (D) None of these
- 

**13.** Pakistan's energy mix is heavily dependent on:

- (A) Renewable energy sources
  - (B) Imported oil and gas
  - (C) Nuclear energy
  - (D) None of these
- 

**14.** Water scarcity in Pakistan is primarily caused by:

- (A) Mismanagement of water resources
  - (B) Population growth and urbanization
  - (C) Climate change impacts
  - (D) All of these
- 

**15.** The primary reason for inefficiency in Pakistan's energy sector is:

- (A) Overcapacity in energy generation
  - (B) Transmission and distribution losses
  - (C) High energy tariffs
  - (D) None of these
- 

**16.** Which of the following best explains Pakistan's rising public debt burden in recent years?

- (A) High interest rates on domestic borrowing
  - (B) Excessive reliance on concessional foreign loans
  - (C) Continuous primary deficits and depreciation of the Rupee
  - (D) All of these
- 

**17.** A major implication of exchange rate misalignment in Pakistan has been:

- (A) Rising export competitiveness and FDI inflows
- (B) Improved remittance inflows
- (C) Reduction in external debt burden
- (D) None of these

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**18.** Which of the following is a major criticism of foreign aid to Pakistan?

- (A) Aid dependency discourages economic reforms
  - (B) It increases corruption and political instability
  - (C) Most aid is spent on non-productive sectors
  - (D) All of these
- 

**19.** Foreign aid programs, such as the Kerry-Lugar-Berman Act, were designed to:

- (A) Promote military cooperation between the US and Pakistan
  - (B) Support development in Pakistan's education and energy sectors
  - (C) Increase Pakistan's export potential in global markets
  - (D) None of these
- 

**20.** Which SDG is particularly challenging for Pakistan, given its energy mix and economic structure?

- (A) SDG 7: Affordable and Clean Energy
  - (B) SDG 13: Climate Action
  - (C) SDG 8: Decent Work and Economic Growth
  - (D) All of these
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## **PART-II**

**NOTE:**

- (i) Part-II** is to be attempted on the separate **Answer Book**.
- (ii)** Attempt **ONLY FOUR** questions from **PART-II**. **ALL** questions carry **EQUAL** marks.
- (iii)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
- (iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
- (v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- (vi)** Extra attempt of any question or any part of the question will not be considered.

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| <b>Q. No. 2.</b> | Critically evaluate Pakistan's economic growth has been inconsistent over the decades. How do political stability and governance quality influence long-term growth prospects? | <b>(20)</b> |
| <b>Q. No. 3.</b> | Pakistan's industrial policy has favored protectionism over competitiveness." Critically analyze this statement with examples from key industries.                             | <b>(20)</b> |
| <b>Q.No. 4.</b>  | "Rising public debt in Pakistan is more a symptom of weak fiscal management than economic necessity."Discuss this statement critically.  | <b>(20)</b> |
| <b>Q. No. 5.</b> | Discuss the role of exchange rate policy in stabilizing Pakistan's economy. What are the trade-offs involved?  | <b>(20)</b> |
| <b>Q. No. 6.</b> | "Land reforms in Pakistan have been more symbolic than substantive." Critically  | <b>(20)</b> |

examine this statement, with reference to their design, implementation, and outcomes.

- Q. No. 7.** Pakistan's energy crisis is often termed as a governance failure rather than a resource issue. Critically evaluate this perspective. **(20)**
- Q. No. 8.** Write Notes on Any Two of the following (w.r.t. Pakistan): **(10 each) (20)**
- a. Digital Transformation and Economic Future
  - b. Foreign Aid vs Foreign Trade Debate
  - c. Interest Free Banking